

STATE OF WASHINGTON

OFFICE OF
INSURANCE COMMISSIONER

In the Matter of

THE CHESAPEAKE LIFE
INSURANCE CO.

Authorized Insurer

ORDER NO. D05-433

CONSENT AND ORDER
LEVYING A FINE**FINDINGS OF FACT**

1. The Chesapeake Life Insurance Co. ("Chesapeake") is authorized to conduct insurance business in the State of Washington.
2. Chesapeake issued to Washington residents four life insurance contract forms which had not been approved by the Office of the Insurance Commissioner ("OIC").
3. Two of these life insurance contracts also paid a death benefit less than \$25,000 with a premium:benefit ratio below that set forth in WAC 284-23-550(1).

CONCLUSIONS OF LAW

1. By issuing contract forms which had not been approved by the OIC, Chesapeake violated RCW 48.18.100.
2. By selling life insurance policies in which the death benefit does not equal or exceed the cumulative premiums over ten years plus 5% interest compounded annually, and where the minimum death benefit is less than twenty-five thousand dollars, Chesapeake engaged in an unfair practice under WAC 284-23-550.

CONSENT TO ORDER

NOW, THEREFORE, The Chesapeake Life Insurance Co. consents to the following in consideration of its desire to resolve this matter without further administrative or judicial proceedings, and the Insurance Commissioner consents to settle the matter in consideration of the company's fine on such terms and conditions as are set forth below:

Consent and Order Levying a Fine Upon The Chesapeake Life Insurance Co.

ORIGINAL

1. Chesapeake consents to the foregoing Findings of Fact and Conclusions of Law as they pertain to these facts, consents to the entry of the Order and waives further administrative or judicial challenge to the OIC's actions related to the subject matter of the Order;
2. Within thirty days of the entry of this Order, Chesapeake agrees to pay to the OIC a fine in the amount of \$2,000;
3. Failure to pay the fine set forth in paragraph two shall constitute grounds for the revocation of Chesapeake's certificate of authority; and
4. Chesapeake understands and agrees that any future failure to comply with the statutes which are the subject of this Order constitutes grounds for further penalties which may be imposed in direct response to that further violation.

EXECUTED this 16 day of December, 2005.

THE CHESAPEAKE LIFE INSURANCE CO.

By: Dennis A. Jolly

Title: Assistant Vice President

ORDER OF THE INSURANCE COMMISSIONER

NOW, THEREFORE, pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner hereby orders as follows:

1. The Chesapeake Life Insurance Co. is ordered to pay a fine in the amount of \$2,000.
2. The company's failure to pay the fine within the time limit set forth above shall result in the revocation of the insurer's Certificate of Authority, and in the recovery of the fine through a civil action brought on behalf of the commissioner by the attorney general.

ENTERED AT TUMWATER, WASHINGTON this 23rd day of December, 2005.

Mike Kreidler
Washington State Insurance Commissioner

By: Andrea L. Philhower
Andrea L. Philhower
Staff Attorney, Legal Affairs Division